

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7365

BILL NUMBER: SB 491

NOTE PREPARED: Jan 12, 2004

BILL AMENDED:

SUBJECT: Property tax replacement.

FIRST AUTHOR: Sen. Borst

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: _____**GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Eliminates the authority of the state and political subdivisions to impose a property tax after December 31, 2005, except to pay debt service obligations and public safety services. Imposes a special assessment for public safety services on residential property and property otherwise exempt from property taxes (other than certain governmental and religious property) instead of an ad valorem property tax. Eliminates most property tax deductions and credits, except for a deduction for the elder, blind, and disabled and a deduction for inventory. Extends the sales tax to all services other than medical services and certain other services. Provides for the distribution of the revenue to political subdivisions. Transfers oversight of local budgets from the department of local government finance to the budget agency. Provides an optional method to reorganize political subdivisions. Makes related changes. Repeals property tax credits, property tax deductions, remonstrance provisions that are superseded and replaced by provisions in this act, and certain laws granting authority to the department of local government finance.

Effective Date: Upon passage; July 1, 2004; July 1, 2005; December 1, 2005; January 1, 2006; February 1, 2006.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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